



Public Finance for the SDGs

*UNDP's Experiences and
Lessons Learnt*

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2 Oct 2025

Public Finance for SDGs

How it works: Four Strategic Pillars of PF4SDGs



Domestic Resource Mobilization as the Base of SDG Financing

Domestic Revenue Mobilization (Tax and non-Tax) for vertical and horizontal equity, fighting illicit flows

Thematic financing through sustainability linked bonds

Ensuring Fiscal Policy Coherence for Sustainable Development

Synchronized tax, spending, and debt strategies for Sustainable Development

Enhancing Public Expenditure Efficiency and Effectiveness

Transparent, accountable, and impact-driven public spending.

Risk Finance and insurance for building resilience.

Enhanced transparency, accountability, and participation through digital fiscal governance

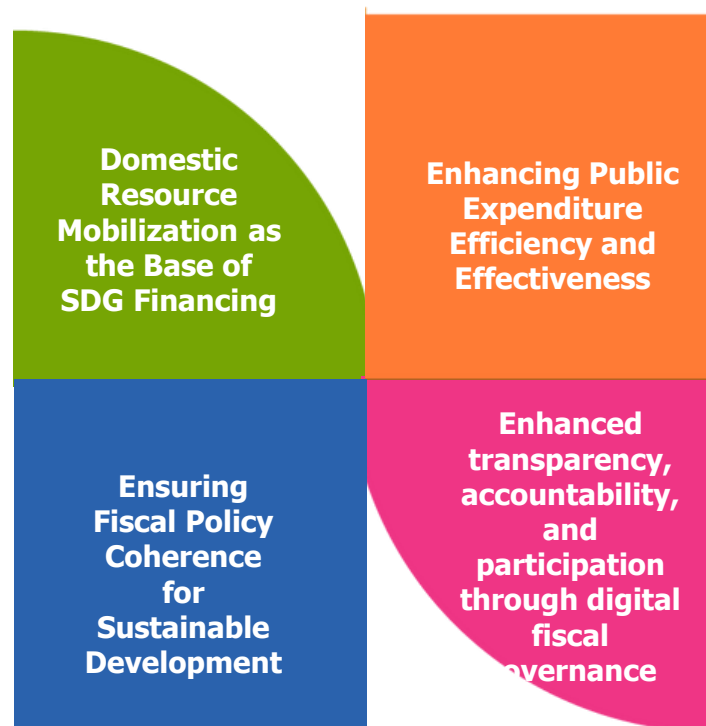
Advancing AI, blockchain, and digital tools to modernise public finance

Increasing transparency and accountability in tax and spending

Fiscal coherence is key in promoting SDG achievement and strengthened social contract through efficient and effective public policy delivery.

UNDP Supported Climate Change responsive Public Finance Reforms

- **Tax Measures:** Carbon Tax, ETS, nature-based Fees and Levies
- **Thematic Debt:** Green Bonds, MRV
- **Fiscal Policy Mix:** Reforming Subsidies, Carbon Tax, and Social Protection
- **Alignment of Public Finance Policies and Systems with NDCs**



- **Climate Change Budgeting:**
Climate / Nature Budget **Tracking**, Expenditure **Reviews**, Climate Change **Financing Frameworks**, Climate-aligned **Public Investment Management**
Repurposing Harmful Subsidies
Ecological Fiscal Transfers
- **Green Procurements**
- **Insurance and Risk Financing:** Regulatory Reforms, Inclusive Insurance
- Budget Tagging **Dashboards**
- **Data** Digitalisation

Country Examples



Colombia

Review **Subsidy System** + design of **targeted measures to support low-income households**



Bhutan

Concentration of subsidies geared towards rural areas irrespective of ability to pay. **Expenditure Review** is suggested



Uzbekistan

Strategy for **reducing GHG emissions as per NDC targets**



Egypt

NDC aligned **fossil fuel subsidy reform** as part of its **National Tax Strategy**, aimed to start in 2026



Pakistan and Sri Lanka

Lanka First order **fossil fuel subsidy reforms** helped stabilisation and curtailing fiscal and external sector haemorrhage



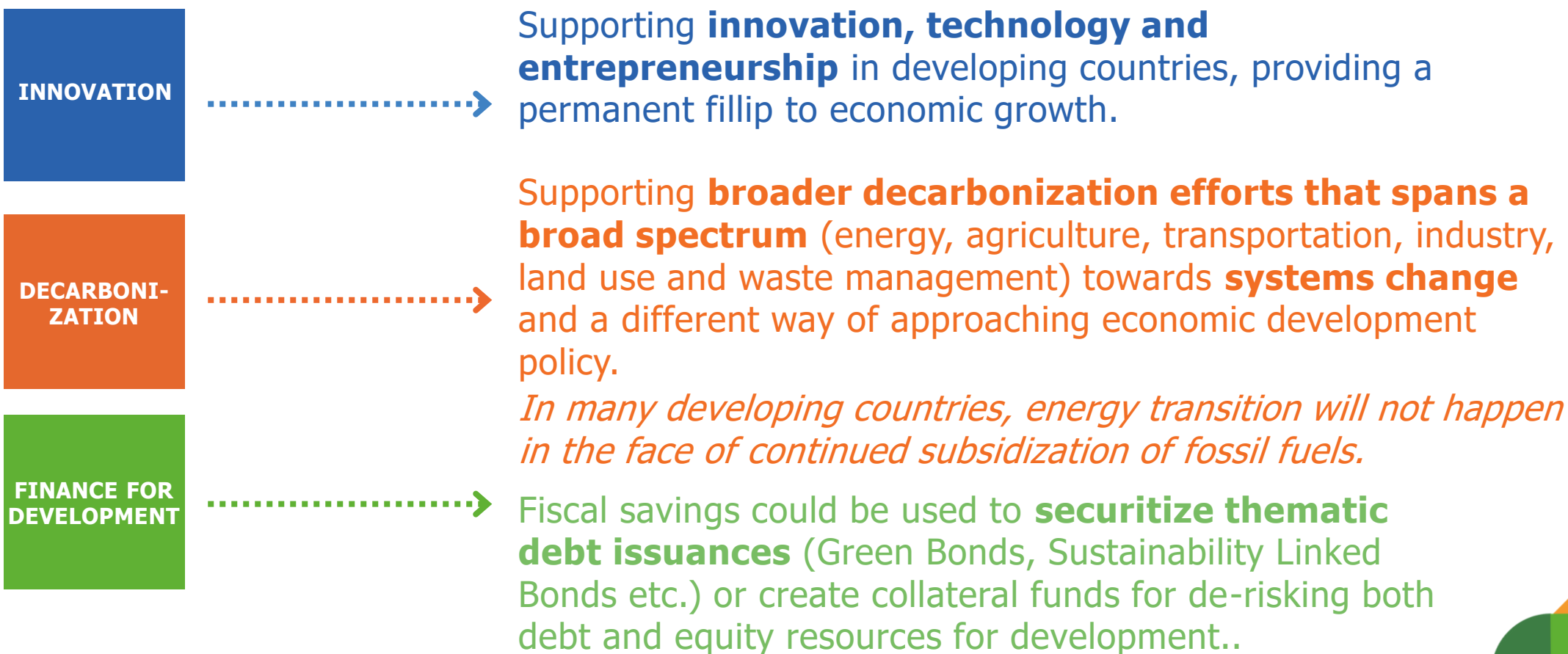
India, Mauritania, Indonesia

Ramping up **social protection, social welfare and poverty alleviation measures**.

GCC: Investments in **climate resilient and green infrastructure** to facilitate economic diversification.

Development context of Fossil Fuel Subsidy Reform

In addition to Public Finance reforms, there are many others ...



FOSSIL FUEL SUBSIDY REFORMS POLICY FRAMEWORK

Fossil fuel subsidy reforms strategy

**Economic, Environment,
Social and Poverty
Assessment (ESPPA)**

Strategy pillars:

- prioritization, sequencing, phasing of reforms
- Use of fiscal savings

Governance and institutional mechanisms

**Governance, Institutional and
Capacity Assessment (GICA)**

- Establishment of governance and institutional mechanisms
- Capacity development
- Depolitization of reforms
- Automatic Pricing Mechanisms (APM)
- Smoothing mechanisms

Stakeholder engagement and Communication

Implementation of Fossil Fuel Subsidy Reforms

Post-Implementation result Monitoring



Thank you

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